

KINDRED HEALTHCARE, INC  
 Form 4  
 January 12, 2009

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 KAUFMAN ISAAC

2. Issuer Name and Ticker or Trading Symbol  
 KINDRED HEALTHCARE, INC  
 [KND]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction  
 (Month/Day/Year)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

3 NASHUA COURT, SUITE H

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(Street)

BALTIMORE, MD 21221

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	(A) or (D)	Disposed of (Instr. 3, 4, and 5)	Date Exercisable	Expiration Date	Title	Amount or Number of
Option Right to Buy	\$ 16	01/12/2009	D <sup>(1)</sup>		20,000	05/21/2002 <sup>(1)</sup>	05/21/2011	Common Stock	20,000
Option Right to Buy	\$ 12.23	01/12/2009	A <sup>(1)</sup>	26,171		05/21/2002 <sup>(1)</sup>	05/21/2011	Common Stock	26,171
Option Right to Buy	\$ 26	01/12/2009	D <sup>(2)</sup>		6,000	01/01/2003 <sup>(2)</sup>	01/01/2012	Common Stock	6,000
Option Right to Buy	\$ 19.87	01/12/2009	A <sup>(2)</sup>	7,851		01/01/2003 <sup>(2)</sup>	01/01/2012	Common Stock	7,851
Option Right to Buy	\$ 9.07	01/12/2009	D <sup>(3)</sup>		6,000	01/01/2004 <sup>(3)</sup>	01/01/2013	Common Stock	6,000
Option Right to Buy	\$ 6.94	01/12/2009	A <sup>(3)</sup>	7,851		01/01/2004 <sup>(3)</sup>	01/01/2013	Common Stock	7,851
Option Right to Buy	\$ 25.99	01/12/2009	D <sup>(4)</sup>		6,000	01/01/2005 <sup>(4)</sup>	01/01/2014	Common Stock	6,000
Option Right to Buy	\$ 19.87	01/12/2009	A <sup>(4)</sup>	7,851		01/01/2005 <sup>(4)</sup>	01/01/2014	Common Stock	7,851

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KAUFMAN ISAAC 3 NASHUA COURT, SUITE H BALTIMORE, MD 21221			X	

## Signatures

Isaac Kaufman                      01/12/2009  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The option was originally granted on 5/21/2001 and provides for vesting in cumulative equal annual installments over four years commencing on 5/21/2002. The amendment of the option permits the option to remain exercisable for the

- (1) original life of the option upon retirement or other similar separation of the reporting person from the Board of Directors of Kindred Healthcare, Inc. ("Kindred"). The replacement option also reflects prior adjustments under the Kindred Healthcare, Inc. 2001 Equity Plan for Non-Employee Directors (Amended and Restated) which were made upon the July 2007 spin-off of Kindred's former institutional pharmacy business.

The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The option was originally granted on 1/1/2002 and provides for vesting in cumulative equal annual installments over four years commencing on 1/1/2003. The amendment of the option permits the option to remain exercisable for the

- (2) original life of the option upon retirement or other similar separation of the reporting person from the Board of Directors of Kindred Healthcare, Inc. ("Kindred"). The replacement option also reflects prior adjustments under the Kindred Healthcare, Inc. 2001 Equity Plan for Non-Employee Directors (Amended and Restated) which were made upon the July 2007 spin-off of Kindred's former institutional pharmacy business.

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- (3) original life of the option upon retirement or other similar separation of the reporting person from the Board of Directors of Kindred Healthcare, Inc. ("Kindred"). The replacement option also reflects prior adjustments under the Kindred Healthcare, Inc. 2001 Equity Plan for Non-Employee Directors (Amended and Restated) which were made upon the July 2007 spin-off of Kindred's former institutional pharmacy business.

The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The option was originally granted on 1/1/2004 and provides for vesting in cumulative equal annual installments over four years commencing on 1/1/2005. The amendment of the option permits the option to remain exercisable for the

- (4) original life of the option upon retirement or other similar separation of the reporting person from the Board of Directors of Kindred Healthcare, Inc. ("Kindred"). The replacement option also reflects prior adjustments under the Kindred Healthcare, Inc. 2001 Equity Plan for Non-Employee Directors (Amended and Restated) which were made upon the July 2007 spin-off of Kindred's former institutional pharmacy business.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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